

Message Text

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70

ACTION EA-09

INFO OCT-01 ISO-00 SP-02 AID-05 EB-07 NSC-05 CIEP-02

TRSE-00 SS-15 STR-04 OMB-01 CEA-01 CIAE-00 COME-00

FRB-01 INR-07 NSAE-00 USIA-15 XMB-04 OPIC-06 LAB-04

SIL-01 /090 W

----- 127833

R 060950Z JAN 76

FM AMEMBASSY SINGAPORE

TO SECSTATE WASHDC 4256

INFO AMEMBASSY BANGKOK

AMEMBASSY JAKARTA

AMEMBASSY KUALA LUMPUR

AMEMBASSY MANILA

UNCLAS SINGAPORE 0054

E.O. 11652: N/A

TAGS: EINV, ETRD, JA, SN

SUBJECT: JAPANESE INVESTMENT SURVEY MISSION TO ASEAN COUNTRIES

REFS: (A) TOKYO 15745

(B) STATE 292137

1. ACTIVITIES AND FINDINGS OF JAPANESE INVESTMENT MISSION WHILE IN SINGAPORE CONSTITUTE ONE OF MINOR ENIGMAS OF 1975. IN ADDITION TO MEETING WITH VARIOUS CHAMBERS OF COMMERCE, JAPANESE AND LOCAL BUSINESSMEN AND GOS OFFICIALS, INVESTMENT MISSION REPORTEDLY MET WITH REPRESENTATIVES OF NATIONAL TRADES UNION CONGRESS.

2. JAPANESE EMBASSY OFFICIALS WOULD CONFIRM ONLY THAT MISSION WAS HERE, THAT IT HAD EXTENSIVE AND USEFUL SERIES OF MEETINGS, AND THAT LOCAL VIEW REGARDING JAPANESE INVESTMENT IS POSTIVE. SEVERAL JAPANESE BUSINESSMEN WITH WHOM EMBASSY OFFICER HAS SPOKEN ADMITTED TO HAVING MET WITH MISSION BUT SEEMED VAGUE AS TO UNCLASSIFIED

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ITS OBJECTIVES. INDEED, THERE APPEARS TO HAVE BEEN A

BIT OF CONFUSION REGARDING NATURE OF MISSION. STRAITS TIMES ON OCTOBER 28 CHARACTERIZED IT AS A "TRADE MISSION." AND A REPRESENTATIVE OF THE CHINESE CHAMBER OF COMMERCE, DURING HIS MEETING WITH MISSION, APPARENTLY DEPLORED SINGAPORE'S LARGE TRADE DEFICIT WITH JAPAN (ABOUT US\$900 MILLION IN 1974), TERMING IT "DETRIMENTAL" TO SOUND, LONG TERM DEVELOPMENT OF BILATERAL ECONOMIC RELATIONS.

3. ASIDE FROM USUAL REACTIONS IN THIS PART OF THE WORLD TO A SIGNIFICANT JAPANESE PRESENCE, JAPANESE INVESTMENT IS GENERALLY REGARDED FAVORABLY. SOME OF THE LOCAL JAPANESE INVESTMENT IS IN HIGH TECHNOLOGY AREAS AND, THEREFORE, ESPECIALLY WELCOME TO GOS. WHILE THERE ARE MANY JAPANESE EXPATRIATES HERE, NATIONAL EMPLOYEES DO OCCUPY POSITIONS OF RESPONSIBILITY IN JAPANESE FIRMS AND THEIR SKILLS HAVE BEEN UPGRADED, BOTH THROUGH ON-THE-SPOT TRAINING AS WELL AS BY TRAINING PROGRAMS IN JAPAN. IN RECENT YEARS, JAPAN HAS BECOME LARGEST SUPPLIER OF INCREMENTAL FOREIGN INVESTMENT TO POINT WHERE, TOGETHER WITH U.S., IT ACCOUNTS FOR ALMOST HALF OF ALL FOREIGN INVESTMENT ON ISLAND. ALTHOUGH GOS WOULD BE RECEPTIVE TO STILL MORE JAPANESE INVESTMENT, ESPECIALLY IF IN CAPITAL INTENSIVE, HIGH TECHNOLOGY AREAS, INCLINATION WOULD NOW BE TO FAVOR, ALL OTHER THINGS BEING EQUAL, EUROPEAN CAPITAL.

4. CHANCES ARE, HOWEVER, THAT JAPANESE MISSION DID NOT HEAR ALTOGETHER FAVORABLE NOISES, AT LEAST FROM GOS SPOKESMAN. PRIME MINISTER LEE PUBLICLY STATED IN MAY 1975 THAT JAPANESE SHOULD BE PREPARED TO TRANSFER MORE TECHNOLOGY TO THE DEVELOPING COUNTRIES, INCLUDING SINGAPORE. SIMILAR VIEW WAS RECENTLY EXPRESSED TO A HIGH LEVEL EUROPEAN VISITOR BY FOREIGN MINISTER RAJARATNAM, WHO WARNED THAT SEA COUNTRIES SHOULD NOT BE REGARDED SOLELY AS PRODUCERS OF RAW MATERIALS AND SIMPLE MANUFACTURED PRODUCTS.

5. CURRENT JAPANESE INVESTMENT POLICY TOWARD SINGAPORE PROBABLY STATED ACCURATELY BY NEW JAPANESE AMBASSADOR UNCLASSIFIED

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SHINSUKE HORI, SHORTLY AFTER HIS ARRIVAL HERE. HORI TOLD STRAITS TIMES IN SEPTEMBER THAT SINGAPORE MUST DECIDE UPON INVESTMENT POLICIES AND THAT JAPAN WOULD COMPLY TO EXTENT ECONOMIC CONSIDERATIONS PERMIT. HE REFERRED SPECIFICALLY TO PROJECTED SUMITOMO PETROCHEMICAL COMPLEX AND THE MITSUBISHI SHIPYARD PROJECT, AND CONCLUDED THAT ONLY LIMIT TO THIS KIND OF COOPERATION WOULD BE SINGAPORE'S OWN CAPACITY TO ACCOMMODATE

NEW PROJECTS.
HOLDRIDGE

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